



House of Representatives

General Assembly

File No. 83

February Session, 2018

Substitute House Bill No. 5376

House of Representatives, March 28, 2018

The Committee on Housing reported through REP. BUTLER of the 72nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT LIMITING RENT INCREASES IN CERTAIN MULTIFAMILY DWELLINGS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective October 1, 2018*) No person who has
- 2 entered into a contract with the state on or after October 1, 2018,
- 3 through the Commissioner of Housing, for state financial assistance in
- 4 the form of a state grant-in-aid, loan, deferred loan, loan guarantee or
- 5 interest subsidy for the construction, rehabilitation or renovation of a
- 6 multifamily dwelling may increase the rental price of any unit in such
- 7 dwelling, during the term of such contract, by more than the rate of
- 8 inflation for the previous calendar year, as determined by the
- 9 consumer price index. After the expiration of the contract, such person
- 10 shall not increase the rental price of any unit in the dwelling by more
- 11 than ten per cent per year, provided such unit is continuously
- 12 occupied by the same tenant.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2018</i>	New section
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Statement of Legislative Commissioners:

In Section 1, "on or after October 1, 2018" was added to clarify that the new requirements do not apply to existing contracts.

HSG *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Treasurer, Debt Serv.	GF - Uncertain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill limits rent increases for multifamily housing projects that receive financial assistance from the Department of Housing (DOH), which are funded using General Obligation (GO) bonds. The bill may change the rate of expenditure of GO bonds and therefore future debt service payments based on the following scenarios.

1. Reduce Demand for Assistance – Fewer developers may seek funds from DOH because the rent limits in this bill lead otherwise viable projects to become unviable.
2. Increase the Amount of Funding Requested Per Project – Developers applying for funding from DOH may require greater amounts of assistance for a given project to make it viable, given the rent limits in this bill.

The net impact to debt service costs, due either to slower or faster utilization of GO bond funds, depends on which potential impact prevails.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future.

OLR Bill Analysis**sHB 5376*****AN ACT LIMITING RENT INCREASES IN CERTAIN MULTIFAMILY DWELLINGS.*****SUMMARY**

This bill limits rent increases in certain multifamily housing. Specifically, it prohibits any person who enters into a contract with the Department of Housing (DOH) for state financial assistance to construct, rehabilitate, or renovate multifamily housing from increasing the rent for any unit in the property by more than the previous calendar year's rate of inflation based on the Consumer Price Index.

Under the bill, the prohibition applies (1) to DOH contracts entered into on or after October 1, 2018 and (2) for the term of the contract. After the DOH contract terminates, a person cannot increase any unit's rent by more than 10% per year if the same tenant continuously occupies it.

"State financial assistance" means grants-in-aid, loans, deferred loans, loan guarantees, or interest subsidies.

EFFECTIVE DATE: October 1, 2018

COMMITTEE ACTION

Housing Committee

Joint Favorable

Yea 10 Nay 2 (03/14/2018)